Representation against entry of Pepsi Cola

1804. SHRI CHATURANAN MISHRA: Will the Minister of INDUSTRY be pleased to state:

(a) whether it is a fact that the All India Soft Drinks Manufacturers Association has recently submitted a representation to the Government, opposing the proposed entry of US multinational Pepsico into the Indian market; and

(b) if so, what are the details thereof and the Government's reaction thereto?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL DEVELOPMENT (SHRI M. ARUNACHALAM): (a) Yes, Sir.

(b) The Association has objected to the entry of Pepsi Cola into India on the following grounds:

(1) The present soft drink industry is healthy and highly competitive and serves the public well with good quality products;

(2) The present industry has no foreign collaboration and thus there is no foreign exchange remittance due to profits or on any other account;

(3) The industry does not get any Actual Users Import Licence for raw materials;

(4) The industry is still developing and already Pure Drinks and Parles have licenced plants overseas and earning foreign exchange. Eventhough the exchange earned is only Rs. 2-3 crores, it will increase substantially. These exports are not as a result of forced exports due to any export commitment and represent exports for which the industry is very proud;

(5) The industry cannot export unless the Indian companies are strong in their home market;

(6) Pepsi was in India from 1956—1961 and had decided to leave as the product was not acceptable to the Indian public. This put the local entrepreneurs' into great difficulties;

(7) Pepsi needs an import licence for Rs. 3.2 crores. This represents a huge figure considering that none is allowed to wholly Indian Industry. Additionally this licence is needed to sell concentrate worth Rs. 15 crores which is 21 per cent. Even Coca Cola used to have only 4 per cent;

(8) Since current policy of Government is not to permit import of raw materials for soft drink manufacturers, we assume imports will be against exports. However, the imports asked for by Pepsi is Rs. 8.6 crores on projected exports of Rs. 55 crores which works out to 15 per cent. The present policy allows an entitlement of only 1 per cent of value of export for import flavours against export of fruit and vegetable products;

(9) The imports of raw materials which Pepsi is asking for is not within the present Government's policy both in term of *Import Replenishment and Actual Users Licence;*

(10) Pepsi is asking for 40 million cases capacity when the whole industry is only 60 million cases which means that they wish to destroy and destabilise the local Indian soft Drink Industry;

(11) It appears that the main objects of Pepsi Collaboration is to bring in Pepsi and this object is well comouflaged by the proposals for Agro Products. If Pepsi's real interest is to assist the Indian Agro Industries, then they should

be welcomed if they agree to drop the Soft Drink proposal, since this industry does not require foreign collaboration.

(12) The proposal is contrary to all established policy of the Government in respect of imports of raw materials.

The points made in the representation will be taken into account at the time of consideration of the proposal for association of M/s. Pepsico.

Prices of tyres and tubes

1805. SHRI F. M. KHAN: Will the Minister of INDUSTRY be pleased to state:

(a) whether it is a fact that the prices of tyres and tubes have been increased recently;

(b) if so, what are the reasons therefor;

(c) when the prices of the above items were increased last and the percentage increased affected this time; and

(d) what steps are being taken by Government to control the prices of tyres and tubes?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL DEVELOPMENT (SHRI M. ARUNACHALAM): (a) Yes, Sir.

(b) and (c) The Automotive Tyre Manufacturers' Association, an apex body of the tyre manufacturers, have informed Government that they had to increase the prices of automotive tyres by 5 per cent and tubes by 6 to 7 per cent in May, 1986, on account of rise in cost of inputs as well as other factors which influence the cost of the end products such as salary, wages, freight, administrative expenses, etc. Prior to this, the tyre manufacturers had announced increase in the prices of tyres and tubes in March, 1985.

(d) There is no statutory control on the prices/distribution of tyres at present. In the absence of control on prices of raw materials and conversion costs and the prevailing competitive market conditions, prices are determined by market forces of demand and supply. The Government has been using persuasive methods by interacting with both the tyre industry and raw material manufacturers in the matter.

Import of manufacture of vehicles with Japanese collaboration

1806. SHRI SURAJ PRASAD: Will the Minister of INDUSTRY be pleased to state:

(a) whether it is a fact that the introduction of new generation of vehicles especially with Japanese collaboration is proving to be a major set-back to the manufacture of aout-components in India; and

(b) if so, how Government to tackle this problem?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL DEVELOPMENT (SHRI M. ARUNACHALAM): (a) and (b) The indigenous manufacturers have been adequately meeting the demand of auto components both in terms of quantity and quality. With the introduction of new ranges of vehicles in various categories, Govt. have encouraged the component manufacturers to augment the production and upgrade the technology through new foreign collaborations, fiscal concessions and delicensing etc. to meet the requirements of new generation of vehicles.

Lok Adalats

1807. SHRI F. M. KHAN: Will the Minister of LAW AND JUSTICE be pleased to state:

(a) the number of Lok Adalats held in each State and Union Territory during the year 1985 and from January to July, 1986;